

**VILLAGE OF DODSON, LOUISIANA****ANNUAL FINANCIAL REPORT  
JUNE 30, 2006**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 1-31-07

Village of Dodson, Louisiana  
Financial Report  
June 30, 2006

TABLE OF CONTENTS

	<u>Exhibit</u>	<u>Page</u>
Required Supplementary Information		
Management's Discussion and Analysis	-	1-4
Independent Auditor's Report	-	5-6
Basic Financial Statements		
Government-Wide Financial Statements		
Statement of Net Assets	A	9
Statement of Activities	B	10
Fund Financial Statements		
Governmental Funds		
Balance Sheet-Governmental Funds	C	12
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets	D	13
Statement of Revenues, Expenditures and Changes in Fund Balance- Governmental Funds	E	14
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of the Governmental Funds to the Statement of Activities	F	15
Proprietary Funds		
Statement of Net Assets	G	16
Statement of Revenues, Expenses and Changes in Net Assets	H	17-18
Statement of Cash Flows	I	19-20
Notes to Financial Statements	-	22-33

Village of Dodson, Louisiana  
Financial Report  
June 30, 2006

TABLE OF CONTENTS

	<u>Exhibit</u>	<u>Page</u>
Other Required Supplementary Information		
Statement of Revenues, Expenditures and Changes in Fund Balance-Budget (GAAP Basis) and Actual-General Fund	J	35-36
Internal Control and Compliance		
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	K	38-39
Schedule of Findings and Questioned Costs	L	40
Schedule of Prior Year Audit Findings	M	41
Management's Response	N	42

# **Village of Dodson, Louisiana**

**P. O. Box 86  
Dodson, LA 71422**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS for the Year ended June 30, 2006**

The Management's Discussion and Analysis is an element of the reporting model adopted by the *Governmental Accounting Standards Board (GASB)* in their Statement No. 34. Certain comparative information is presented to provide an overview of its operations.

### **Financial Highlights**

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities provide information about the activities of the Village as a whole and present a longer-term view of the Village's finances. These statements tell how these services were financed in the short-term as well as what remains for future spending. The Village maintains three funds; governmental funds, the general fund for daily operations, the debt service fund, and a proprietary fund, the water system.

A summary of the basic government-wide financial statements is as follows:

Summary of Statement of Net Assets

	June 2006			June 2005		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
<b>ASSETS:</b>						
Current Assets	\$204,101	\$ 79,114	\$ 283,215	\$208,389	\$ 98,746	\$ 307,135
Capital Assets, Net of Accumulated Depreciation	<u>208,110</u>	<u>1,201,760</u>	<u>1,409,870</u>	<u>207,180</u>	<u>1,251,451</u>	<u>1,458,631</u>
Total Assets	<u>\$412,211</u>	<u>\$1,280,874</u>	<u>\$1,693,085</u>	<u>\$415,569</u>	<u>\$1,350,197</u>	<u>\$1,765,766</u>
<b>LIABILITIES:</b>						
Accounts Payable	\$ 10,073	\$ 3,625	\$ 13,698	\$ 11,606	\$ 3,475	\$ 15,081
Restricted Payables	0	10,336	10,336	0	9,394	9,394
Long Term Debt	<u>13,000</u>	<u>87,000</u>	<u>100,000</u>	<u>14,000</u>	<u>92,000</u>	<u>106,000</u>
Total Liabilities	<u>\$ 23,073</u>	<u>\$ 100,961</u>	<u>\$ 124,034</u>	<u>\$ 25,606</u>	<u>\$ 104,869</u>	<u>\$ 130,475</u>
<b>NET ASSETS:</b>						
Invested in Capital Assets, Net of Related Debt	\$195,110	\$1,114,760	\$1,309,870	\$193,180	\$1,159,451	\$1,352,631
Unrestricted	<u>194,028</u>	<u>65,153</u>	<u>259,181</u>	<u>196,783</u>	<u>85,877</u>	<u>282,660</u>
NET ASSETS	<u>\$389,138</u>	<u>\$1,179,913</u>	<u>\$1,569,051</u>	<u>\$389,963</u>	<u>\$1,245,328</u>	<u>\$1,635,291</u>

## Summary of Statement of Activities

	June 2006			June 2005		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
<b>REVENUES:</b>						
General Revenues:						
Ad Valorem	\$ 10,761	\$ 0	\$ 10,761	\$ 10,655	\$ 0	\$ 10,655
Fees, Fines & Charges for Services	304,275	80,299	384,574	293,693	88,124	381,817
Operating Grants & Contributions	6,318	0	6,318	16,620	0	16,620
Interest & Miscellaneous	4,328	1,772	6,100	15,740	12,334	28,074
Transfers-In	<u>23,479</u>	<u>0</u>	<u>23,479</u>	<u>3,373</u>	<u>0</u>	<u>3,373</u>
Total Revenues	<u>\$349,161</u>	<u>\$ 82,071</u>	<u>\$431,232</u>	<u>\$340,081</u>	<u>\$100,458</u>	<u>\$440,539</u>
<b>EXPENSES:</b>						
Public Works	\$ 13,775	\$ 0	\$ 13,775	\$ 49,763	\$ 0	\$ 49,763
Public Safety	87,644	0	87,644	79,798	0	79,798
General Government	248,567	0	248,567	161,868	0	161,868
Operating Expense	0	124,007	124,007	0	130,463	130,463
Transfers-Out	<u>0</u>	<u>23,479</u>	<u>23,479</u>	<u>0</u>	<u>3,373</u>	<u>3,373</u>
Total Expenses	<u>\$349,986</u>	<u>\$147,486</u>	<u>\$497,472</u>	<u>\$291,429</u>	<u>\$133,836</u>	<u>\$425,265</u>
Change in Net Assets	<u>\$ (825)</u>	<u>\$ (65,415)</u>	<u>\$ (66,240)</u>	<u>\$ 48,652</u>	<u>\$ (33,378)</u>	<u>\$ 15,274</u>

*Governmental Activities*

- The Village's assets exceeded its liabilities by \$389,138 (net assets) for the year ending June 30, 2006. This is a decrease of \$825 from prior year.
- Unrestricted net assets of \$194,028 represent the portion available to maintain the Village's obligation to both citizens and creditors. This is a decrease of \$2,755 from prior year.

*Business Type Activities*

The Proprietary Fund, the water system, experienced a net loss of \$65,415 for the year ending June 30, 2006. This compares to a \$33,378 loss for the year ended June 30, 2005.

### General Fund Budgetary Highlights

The Village did not amend its General Fund budget during the year. Actual revenues were less than budgeted revenues by \$17,731, and actual expenditures were more than budgeted expenditures by \$41,783.

### Economic Factors and Next Year's Budget

The Village has prepared its FY 2006/2007 budget for the General Fund on the assumption that revenues and expenditures will remain fairly constant next year. Revenues and expenditures for the Utility Enterprise Fund should also remain constant during the next year.

### Contacting the Village

This financial report is designed to provide our citizens, taxpayers, and creditors with a general overview of the Village's finances and to show the Village's accountability for the money it receives. Any questions about this report or requests for additional information may be directed to the Village at P. O. Box 86, Dodson, LA 71422.

# *Johnson, Thomas & Cunningham*

*Certified Public Accountants*

*Eddie G. Johnson, CPA – A Professional Corporation (1927-1996)*

*Mark D. Thomas, CPA – A Professional Corporation*

*Roger M. Cunningham, CPA – A Professional Corporation*

*Jessica H. Broadway, CPA – A Professional Corporation*

*321 Bienville Street  
Natchitoches, Louisiana 71457  
(318) 352-3652  
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## INDEPENDENT AUDITOR'S REPORT

To the Mayor and Aldermen of the  
Village of Dodson, Louisiana

We have audited the accompanying financial statements of the governmental activities, the business-type activities, major fund and the aggregate remaining fund information of the Village of Dodson, Louisiana, as of and for the year ended June 30, 2006, which collectively comprise the Village's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the Village's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, major fund and the aggregate remaining fund information of the Village of Dodson as of June 30, 2006, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated September 8, 2006, on our consideration of the Village's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in conjunction with this report in considering the results of our audit.



The Management's Discussion and Analysis and the budgetary information on pages 1 through 4 and 35 through 36, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

**Johnson, Thomas & Cunningham**

Johnson, Thomas & Cunningham, CPA's

September 8, 2006

Natchitoches, Louisiana

## BASIC FINANCIAL STATEMENTS

**GOVERNMENT-WIDE  
FINANCIAL STATEMENTS**

Village of Dodson, Louisiana  
Government-Wide Statement of Net Assets  
June 30, 2006

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS:</b>			
Current Assets-			
Cash and Cash Equivalents	\$ 136,045	\$ 35,710	\$ 171,755
Revenue Receivables	68,056	9,156	77,212
Restricted Assets – Cash	0	34,248	34,248
Total Current Assets	<u>\$ 204,101</u>	<u>\$ 79,114</u>	<u>\$ 283,215</u>
Noncurrent Assets-			
Capital Assets-			
Land	\$ 5,500	0	5,500
Land Improvements	12,000	0	12,000
Buildings	249,297	0	249,297
Furniture and Equipment	350,104	0	350,104
Utility System	0	2,446,552	2,446,552
Less, Accumulated Depreciation	(408,791)	(1,244,792)	(1,653,583)
Total Noncurrent Assets	<u>\$ 208,110</u>	<u>\$ 1,201,760</u>	<u>\$ 1,409,870</u>
Total Assets	<u>\$ 412,211</u>	<u>\$ 1,280,874</u>	<u>\$ 1,693,085</u>
<b>LIABILITIES:</b>			
Current Liabilities-			
Accounts Payable	\$ 10,073	\$ 3,625	\$ 13,698
Payable from Restricted Assets-			
Bond Accounts	0	3,625	3,625
Customer's Deposits	0	6,711	6,711
Current Portion of Long-Term Debt	1,000	6,000	7,000
Total Current Liabilities	<u>\$ 11,073</u>	<u>\$ 19,961</u>	<u>\$ 31,034</u>
Long-Term Liabilities-			
Due within More Than One Year	<u>\$ 12,000</u>	<u>\$ 81,000</u>	<u>\$ 93,000</u>
Total Liabilities	<u>\$ 23,073</u>	<u>\$ 100,961</u>	<u>\$ 124,034</u>
<b>NET ASSETS:</b>			
Invested in Capital Assets,			
Net of Related Debt	\$ 195,110	\$ 1,114,760	\$ 1,309,870
Reserved for Debt Service	13,000	65,153	78,153
Unrestricted	181,028	0	181,028
Total Net Assets	<u>\$ 389,138</u>	<u>\$ 1,179,913</u>	<u>\$ 1,569,051</u>

See notes to financial statements.

Village of Dodson, Louisiana  
Government-Wide Statement of Activities  
June 30, 2006

Activities	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets		
		Fees, Fines and Charges for Services	Operating Grants	Governmental Activities	Business-Type Activities	Total
<b>Governmental Activities:</b>						
General Government	\$248,567	\$ 35,212	\$ 0	\$(213,355)	\$ 0	\$ (213,355)
Public Safety	87,644	268,461	4,200	185,017	0	185,017
Public Works	<u>13,775</u>	<u>602</u>	<u>2,118</u>	<u>(11,055)</u>	<u>0</u>	<u>(11,055)</u>
Total Governmental Activities	<u>\$349,986</u>	<u>\$304,275</u>	<u>\$6,318</u>	<u>\$ (39,393)</u>	<u>\$ 0</u>	<u>\$ (39,393)</u>
<b>Business-Type Activities:</b>						
Water	\$ 47,694	\$ 55,520	\$ 0	\$ 0	\$ 7,826	\$ 7,826
Sewer	<u>76,313</u>	<u>24,779</u>	<u>0</u>	<u>0</u>	<u>(51,534)</u>	<u>(51,534)</u>
Total Business-Type Activities	<u>\$124,007</u>	<u>\$ 80,299</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (43,708)</u>	<u>\$ (43,708)</u>
Total Government	<u>\$473,993</u>	<u>\$384,574</u>	<u>\$6,318</u>	<u>\$ (39,393)</u>	<u>\$ (43,708)</u>	<u>\$ (83,101)</u>
<b>General Revenues:</b>						
Taxes-						
Ad Valorem				\$ 10,761	\$ 0	\$ 10,761
Interest & Miscellaneous				4,328	1,772	6,100
Transfers				<u>23,479</u>	<u>(23,479)</u>	<u>0</u>
Total General Revenues and Transfers				<u>\$ 38,568</u>	<u>\$ (21,707)</u>	<u>\$ 16,861</u>
Change in Net Assets				\$ (825)	\$ (65,415)	\$ (66,240)
Net Assets at Beginning of Year				<u>389,963</u>	<u>1,245,328</u>	<u>1,635,291</u>
Net Assets at End of Year				<u>\$389,138</u>	<u>\$1,179,913</u>	<u>\$1,569,051</u>

See notes to financial statements.

## FUND FINANCIAL STATEMENTS

Village of Dodson, Louisiana  
Balance Sheet-Governmental Funds  
June 30, 2006

	<u>Major Fund</u> <u>General</u> <u>Fund</u>	<u>Non-Major Fund</u> <u>Debt Service</u> <u>Fund</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
<b>ASSETS:</b>			
Cash and Cash Equivalents	\$131,305	\$4,740	\$136,045
Revenue Receivables	<u>68,056</u>	<u>0</u>	<u>68,056</u>
Total Assets	<u>\$199,361</u>	<u>\$4,740</u>	<u>\$204,101</u>
<b>LIABILITIES:</b>			
Accounts Payable	\$ <u>10,073</u>	\$ <u>0</u>	\$ <u>10,073</u>
<b>FUND BALANCES:</b>			
Unreserved	\$181,028	\$ 0	\$181,028
Reserved for Debt Service	<u>8,260</u>	<u>4,740</u>	<u>13,000</u>
Total Fund Balance	<u>\$189,288</u>	<u>\$4,740</u>	<u>\$194,028</u>
Total Liabilities and Fund Balances	<u>\$199,361</u>	<u>\$4,740</u>	<u>\$204,101</u>

See notes to financial statements.

<b>Total Net Assets of Governmental Activities</b>	<b>\$ 389,138</b>
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See notes to financial statements.



Village of Dodson, Louisiana  
Statement of Revenues, Expenditures and Changes in Fund Balance-  
Governmental Funds  
Year Ended June 30, 2006

	<u>Major Fund</u> General Fund	<u>Non-Major Fund</u> Debt Service Fund	Total Governmental Funds
<b>REVENUES:</b>			
Taxes-			
Ad Valorem	\$ 6,073	\$ 4,688	\$ 10,761
Licenses and Fees	29,582	0	29,582
Intergovernmental	6,318	0	6,318
Charges for Services	6,233	0	6,233
Fines and Forfeits	268,461	0	268,461
Interest & Miscellaneous	<u>4,302</u>	<u>26</u>	<u>4,328</u>
Total Revenues	<u>\$320,969</u>	<u>\$ 4,714</u>	<u>\$325,683</u>
<b>EXPENDITURES:</b>			
Current-			
General Government	\$191,490	\$ 0	\$191,490
Public Safety	94,133	0	94,133
Public Works	13,775	0	13,775
Capital Outlay	53,025	0	53,025
Debt Service	<u>0</u>	<u>1,700</u>	<u>1,700</u>
Total Expenditures	<u>\$352,423</u>	<u>\$ 1,700</u>	<u>\$354,123</u>
Excess (Deficiency) of Revenues over Expenditures	<u>\$ (31,454)</u>	<u>\$ 3,014</u>	<u>\$ (28,440)</u>
<b>OTHER FINANCING SOURCES:</b>			
Transfers In	\$ 26,363	\$ 1,700	\$ 28,063
Transfers Out	0	(4,584)	(4,584)
Sale of Assets	<u>2,206</u>	<u>0</u>	<u>2,206</u>
Total Other Financing	<u>\$ 28,569</u>	<u>\$(2,884)</u>	<u>\$ 25,685</u>
Excess (Deficiency) of Revenues and Other Sources over Expenditures and Other Uses	<u>\$ (2,885)</u>	<u>\$ 130</u>	<u>\$ (2,755)</u>
Fund Balance-Beginning of Year	<u>192,173</u>	<u>4,610</u>	<u>196,783</u>
Fund Balance-End of Year	<u>\$189,288</u>	<u>\$ 4,740</u>	<u>\$194,028</u>

See notes to financial statements.

See notes to financial statements.

Village of Dodson, Louisiana  
Statement of Net Assets  
Proprietary Fund-Utility Fund  
Year ended June 30, 2006

ASSETS:

Current Assets-

Cash and Cash Equivalents	\$ 17,334
Receivables	<u>9,156</u>
Total Current Assets	\$ <u>26,490</u>

Restricted Assets-

Bond Contingency Cash	\$ 18,376
Customer's Deposit Cash	4,832
Bond Interest and Redemption Cash	14,228
Bond Reserve Cash	<u>15,188</u>
Total Restricted Assets	\$ <u>52,624</u>

Fixed Assets-

Plant and Equipment	\$ 2,446,551
Less, Accumulated Depreciation	<u>(1,244,791)</u>
Total Fixed Assets	\$ <u>1,201,760</u>

Total Assets \$ 1,280,874

LIABILITIES:

Current Liabilities-

Accounts Payable	\$ <u>3,625</u>
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Current Liabilities Payable from Restricted Assets-

Accrued Bond Interest	\$ 3,625
Customer Deposits	6,711
Bonds Payable	<u>6,000</u>

Total Current Liabilities Payable  
from Restricted Assets \$ 16,336

Long-Term Liabilities-

Revenue Bonds Payable	\$ <u>81,000</u>
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Total Liabilities \$ 100,961

NET ASSETS:

Invested in Capital Assets, Net of Related Debt	\$ 1,114,760
Reserved for Debt Service	<u>65,153</u>

Total Net Assets \$ 1,179,913

See notes to financial statements.

Village of Dodson, Louisiana  
Statement of Revenues, Expenses and Changes in Net Assets  
Proprietary Fund-Utility Fund  
Year ended June 30, 2006

OPERATING REVENUES:

Charges for Services-

Water	\$ 55,520
Sewer	24,779
Connection Fees	1,226
Miscellaneous	<u>232</u>
Total Operating Revenues	<u>\$ 81,757</u>

OPERATING EXPENSES:

Water System-

Repairs and Maintenance	\$ 4,734
Office Supplies	3,990
Operating Supplies	7,148
Telephone & Utilities	4,614
Depreciation	<u>22,816</u>
Total Water System	<u>\$ 43,302</u>

Sewer System-

Repairs and Maintenance	\$ 7,662
Office Supplies	2,433
Dues & Subscriptions	200
Operating Supplies	9,443
Telephone & Utilities	12,647
Depreciation	<u>43,928</u>
Total Sewer System	<u>\$ 76,313</u>

Total Operating Expenses \$119,615

Loss from Operations \$ (37,858)

See notes to financial statements.

Continued next page

Village of Dodson, Louisiana  
Statement of Revenues, Expenses and Changes in Net Assets  
Proprietary Fund-Utility Fund  
Year ended June 30, 2006

NON-OPERATING REVENUES (EXPENSES):

Interest Income	\$ 314
Interest Expense on Bonds	<u>(4,392)</u>
Total Non-operating Revenues (Expenses)	\$ <u>(4,078)</u>

Net Loss Before Transfers	\$ <u>(41,936)</u>
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TRANSFERS:

Transfers In	\$ 4,584
Transfers Out	<u>(28,063)</u>
Total Transfers	\$ <u>(23,479)</u>

Change in Net Assets	\$ (65,415)
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Net Assets at Beginning of Year	<u>1,245,328</u>
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Net Assets at End of Year	<u>\$1,179,913</u>
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See notes to financial statements.

Village of Dodson, Louisiana  
Statement of Cash Flows  
Proprietary Fund-Utility Fund  
Year ended June 30, 2006

Cash Flows from Operating Activities:	
Cash Received from Customers	\$ 81,113
Cash Received from Customers' Deposits	1,150
Cash Used to Increase Restricted Assets	(791)
Cash Payments to Suppliers for Goods and Services	<u>(51,721)</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 29,751</u>
Cash Flows from Non-Capital Financing Activities:	
Transfers from Other Funds	\$ 4,584
Transfers to Other Funds	<u>(28,063)</u>
Net Cash Provided (Used) by Non-Capital Financing Activities	<u>\$(23,479)</u>
Cash Flows from Capital and Related Financing Activities:	
Acquisition of Capital Assets	\$(17,053)
Principal Paid on Capital Debt	(6,000)
Interest Paid on Capital Debt	<u>(4,600)</u>
Net Cash (Used) by Capital and Related Financing Activities	<u>\$(27,653)</u>
Cash Flows from Investing Activities:	
Interest Income	\$ <u>314</u>
Net Decrease in Cash and Cash Equivalents	<u>\$(21,067)</u>
Cash and Cash Equivalents:	
Beginning of Year	<u>38,401</u>
End of Year	<u>\$ 17,334</u>

Continued next page

Village of Dodson, Louisiana  
Statement of Cash Flows  
Proprietary Fund-Utility Fund  
Year ended June 30, 2006

Reconciliation of Income from Operations to  
Net Cash Provided by Operating Activities:

Loss from Operations \$(37,858)

Adjustments to Reconcile Income from Operations to  
Net Cash Provided by Operating Activities:

Depreciation 66,744  
Changes in Assets and Liabilities-  
(Increase) in Revenue Receivables (644)  
(Increase) in Restricted Assets (791)  
Increase in Accounts Payable 1,150  
Increase in Customers' Deposits 1,150

Net Cash Provided by Operating Activities \$ 29,751

Total Cash and Cash Equivalents:

Water Operating Fund \$ 10,853  
Sewer Operating Fund 6,481  
Total \$ 17,334

See notes to financial statements.

## NOTES TO FINANCIAL STATEMENTS



Village of Dodson, Louisiana  
Notes to Financial Statements  
June 30, 2006

**Introduction:**

The Village of Dodson, Louisiana, is incorporated under the Lawrason Act with a Mayor-Board of Aldermen form of government. The executive branch of government is headed by the Mayor and the legislative branch consists of three Aldermen.

This report includes all funds which are controlled or dependent on the Village of Dodson, Louisiana's executive and legislative branches (the Mayor and Aldermen). Control by or dependence on the Village of Dodson, Louisiana was determined on the basis of budget adoption, taxing authority, authority to issue debt, election or appointment of government body, and other general oversight responsibility.

The Village's operations include police protection, fire protection, and general and administrative services. In addition, the Village operates a Utility System which provides water and sewer services.

**1. Summary of Significant Accounting Policies:**

**A. REPORTING ENTITY-**

The Village is the basic level of government which has financial accountability and control over all activities related to the Village operations and services provided. The Village is not included in any other governmental "reporting entity" as defined by GASB pronouncements, since the Village Mayor and Board of Aldermen are elected by the public and have decision making authority to levy taxes, the power to designate management, the ability to significantly influence operations and primary accountability for fiscal matters. In addition, there are no component units as defined in Governmental Accounting Standards Board Statement 14, which are included in the Village's reporting entity.

The financial statements of the Village of Dodson, Louisiana are prepared in accordance with generally accepted accounting principles (GAAP). The Village of Dodson, Louisiana's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. Proprietary funds apply Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless the pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails.

**B. BASIS OF PRESENTATION-**

**Government-Wide Financial Statements (GWFS)**

The Statement of Net Assets and Statement of Activities report information about the reporting government as a whole. They include all funds of the reporting entity. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

Village of Dodson, Louisiana  
Notes to Financial Statements  
June 30, 2006

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the Village's governmental activities. Direct expenses are those that are specifically associated with a program or function. Program revenues include (a) fees and charges paid by the recipient for goods or services offered by the program, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

**C. FUND ACCOUNTING-**

The accounts of the Village are organized on the basis of funds. A fund is an independent fiscal and accounting entity with a separate set of self-balancing accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds maintained is consistent with legal and managerial requirements.

The Village maintains three funds. They are categorized as governmental funds and a proprietary fund. The emphasis on fund financial statements is on major governmental and enterprise funds; each displayed in a separate column. A fund is considered major if it is the primary operating fund of the entity or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The funds of the Village are described below:

**Governmental Funds-**

**General Fund**

The General Fund is the general operating fund of the Village. It is used to account for all financial resources except those required to be accounted for in another fund.

**Debt Service Fund**

The Debt Service Funds are used to account for the accumulation of resources for and payment of general long-term debt principal, interest, and related costs.

Village of Dodson, Louisiana  
Notes to Financial Statements  
June 30, 2006

Proprietary Fund-

Enterprise Fund

The enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

**D. MEASUREMENT FOCUS/BASIS OF ACCOUNTING-**

Basis of accounting refers to when revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

Accrual Basis - Government-Wide Financial Statements (GWFS)

The Statement of Net Assets and the Statement of Activities display information about the Village as a whole. Both of these statements have been prepared using the economic measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

Modified Accrual Basis - Fund Financial Statements (FFS)

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., when they are both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Village considers all revenues "available" if they are collected within 60 days after year-end. Expenditures are generally recorded under the modified accrual basis of accounting when the related liability is incurred. The exceptions to this general rule are that (1) unmatured principal and interest on long-term debt, if any, are recorded when due and (2) claims and judgments and compensated absences are recorded as expenditures when paid with expendable available financial resources.

Village of Dodson, Louisiana  
Notes to Financial Statements  
June 30, 2006

**Major Funds-**

The Village reports the following major funds:

General Fund-To account for resources traditionally associated with governments that are not required to be accounted for in another fund.

Utility Fund-To account for the provision of water and sewer services for the residents of the Village. All activities necessary to provide such services are accounted for in this fund.

**E. CASH AND INTEREST-BEARING DEPOSITS-**

For purposes of the Statement of Net Assets, cash and interest-bearing deposits include all demand accounts, savings accounts, and certificates of deposit of the Village.

**F. CAPITAL ASSETS-**

Capital assets, which include property, plant, and equipment, are reported in the governmental activities column in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Village maintains a threshold level of \$500 or more for capitalizing capital assets.

The costs of normal maintenance and repairs that do not add to the value of that asset or materially extend the life of that asset are not capitalized.

Depreciation of all exhaustible capital assets is recorded as an expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of useful lives by type of asset is as follows:

Buildings and improvements	40 years
Equipment and vehicles	5-10 years
Utility system and improvements	40 years

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same as in the government-wide statements.

Village of Dodson, Louisiana  
Notes to Financial Statements  
June 30, 2006

**G. RESTRICTED ASSETS-**

Restricted assets include cash, interest-bearing deposits, and investments of the proprietary fund that are legally restricted as to their use. The restricted assets are related to utility bond covenant accounts and customer deposits.

**H. COMPENSATED ABSENCES-**

There is no formal leave policy for the Village, therefore no entry is made to record compensated absences.

**I. EQUITY CLASSIFICATIONS-**

In the government-wide statements, equity is classified as net assets and displayed in three components:

- a. Invested in capital assets, net of related debt---Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net assets---Consists of net assets with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provision or enabling legislation.
- c. Unrestricted net assets---All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt".

In the fund statements, governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved, with unreserved further split between designated and undesignated.

**J. OPERATING REVENUES AND EXPENSES-**

Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and/or services. It also includes all revenue and expenses not related to capital and related financing noncapital financing, or investing activities.

**K. EXPENDITURES/EXPENSES-**

In the government-wide financial statements, expenses are classified by function for both governmental and business-type activities.

Village of Dodson, Louisiana  
Notes to Financial Statements  
June 30, 2006

In the fund financial statements, expenditures are classified as follows:

Governmental Funds - By Character  
Proprietary Fund - By Operating and Nonoperating

In the fund financial statements, governmental funds report expenditures of financial resources. Proprietary funds report expenses relating to use of economic resources.

**L. BUDGET AND BUDGETARY ACCOUNTING-**

Prior to the beginning of each fiscal year, the Village adopts a budget for the next fiscal year. The budget is open for public inspection. All budgetary appropriations lapse at the end of the fiscal year. The budget is prepared on the modified accrual basis of accounting.

**M. INTERFUND TRANSACTIONS-**

Legally authorized transfers are treated as interfund transfers and are included in the results of operations of both governmental and proprietary funds.

	2006	
	<u>Operating Transfers In</u>	<u>Operating Transfers Out</u>
General Fund	\$26,363	\$ 0
Debt Service Fund	1,700	4,584
Utility Fund	<u>4,584</u>	<u>28,063</u>
Totals	<u>\$32,647</u>	<u>\$32,647</u>

**N. LONG-TERM OBLIGATIONS-**

In the government-wide financial statements, long-term debt is reported as liabilities in the applicable governmental activities statement of net assets.

In the fund financial statements, governmental fund types recognize debt issued reported as other financing sources. Repayment of the principal and interest is shown as an expenditure.

**O. ESTIMATES-**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America, require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statement and the reported amounts of revenue, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

Village of Dodson, Louisiana  
Notes to Financial Statements  
June 30, 2006

**2. Ad Valorem Taxes**

The Village levies taxes on real and business personal property located within the boundaries of the Village. Property taxes are levied by the Village on property values assessed by the Winn Parish Tax Assessor and approved by the State of Louisiana Tax Commission.

The Village bills and collects property taxes. The Village recognizes property tax revenues when levied.

Property Tax Calendar

Assessment date	January 1
Levy date	August 31
Tax bills mailed	October 15
Total taxes are due	December 31
Penalties and interest added	January 31
Lien date	January 31
Tax sale	May 15

For the year ended June 30, 2006, taxes of 11.70 mills were levied on property with an assessed valuation totaling \$943,736 for 2006, and were dedicated as follows:

General Corporate Purposes	6.42 mills
Debt Service (Water Bonds)	5.28 mills

Total taxes collected were \$10,761 for 2006 after small adjustments were made to the original tax roll. Uncollected taxes average less than 3.4 percent of total taxes levied, and no provision for uncollectibles is made.

**3. Cash and Cash Equivalents:**

The Village has cash, cash equivalents, and time deposits (book balances) as follows:

Demand Deposits	\$172,438
Time Deposits	<u>33,565</u>
Total	<u>\$206,003</u>

The deposits are stated at cost which approximates market. Under state law these deposits and the resulting bank balances must be secured by federal deposit insurance or the pledge of securities owned by the fiscal bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal or exceed the amount on deposit with the fiscal agent. These

Village of Dodson, Louisiana  
Notes to Financial Statements  
June 30, 2006

securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At June 30, 2006, the Village has \$208,693 in deposits (collected bank balances). These deposits are secured from risk as follows:

Demand Deposits	\$ 175,128
Time Deposits	33,565
FDIC Insurance	(133,565)
Pledged Securities	<u>(75,128)</u>
Uninsured	\$ <u>0</u>

Even though the pledged securities are considered uncollateralized (Category 3), under the provisions of GASB Statement No. 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Village that the fiscal agent has failed to pay deposited funds upon demand.

**4. Restricted Assets - Proprietary Fund Type:**

Restricted assets of the Utility Fund were applicable to the following at June 30, 2006:

Bond Contingency Account	\$18,376
Customer's Deposit Account	4,832
Bond Reserve Account	15,188
Bond Interest and Redemption Account	<u>14,228</u>
Cash	<u>\$52,624</u>



Village of Dodson, Louisiana  
Notes to Financial Statements  
June 30, 2006

**5. Capital Assets:**

Capital assets and depreciation activity for the year ended June 30, 2006, are as follows:

Governmental Activities	Balance 07-01-05	Additions	Deletions	Balance 06-30-06
<b>Capital Assets:</b>				
Land	\$ 5,500	\$ 0	\$ 0	\$ 5,500
Buildings	249,297	0	0	249,297
Furniture, Fixtures & Equipment	319,780	53,024	22,700	350,104
Land Improvements	<u>12,000</u>	<u>0</u>	<u>0</u>	<u>12,000</u>
Total Assets	\$ <u>586,577</u>	\$ <u>53,024</u>	<u>\$22,700</u>	\$ <u>616,901</u>
<b>Accumulated Depreciation:</b>				
Buildings	\$ 156,647	\$ 2,725	\$ 0	\$ 159,372
Furniture, Fixtures & Equipment	222,250	38,332	12,263	248,319
Land Improvements	<u>500</u>	<u>600</u>	<u>0</u>	<u>1,100</u>
Total Accumulated Depreciation	\$ <u>379,397</u>	\$ <u>41,657</u>	<u>\$12,263</u>	\$ <u>408,791</u>
Net Capital Assets	\$ <u>207,180</u>	\$ <u>11,367</u>	<u>\$10,437</u>	\$ <u>208,110</u>
Business-Type Activities	Balance 07-01-05	Additions	Deletions	Balance 06-30-06
<b>Capital Assets:</b>				
Water System Equipment	\$ 26,803	\$ 7,553	\$ 0	\$ 34,356
Water Plant	775,220	0	0	775,220
Sewer System Equipment	30,543	9,500	0	40,043
Sewer Plant	<u>1,596,932</u>	<u>0</u>	<u>0</u>	<u>1,596,932</u>
Total Assets	\$ <u>2,429,498</u>	\$ <u>17,053</u>	<u>\$ 0</u>	\$ <u>2,446,551</u>
<b>Accumulated Depreciation:</b>				
Water System Equipment	\$ 13,372	\$ 3,436	\$ 0	\$ 16,808
Water Plant	290,094	19,381	0	309,475
Sewer System Equipment	17,184	4,004	0	21,188
Sewer Plant	<u>857,397</u>	<u>39,923</u>	<u>0</u>	<u>897,320</u>
Total Accumulated Depreciation	\$ <u>1,178,047</u>	\$ <u>66,744</u>	<u>\$ 0</u>	\$ <u>1,244,791</u>
Net Capital Assets	\$ <u>1,251,451</u>	\$ <u>(49,691)</u>	<u>\$ 0</u>	\$ <u>1,201,760</u>

Depreciation expense of \$41,657 was charged to general government function for governmental activities.

Village of Dodson, Louisiana  
Notes to Financial Statements  
June 30, 2006

Depreciation expense of \$66,744 was charged to the utility fund as follows:

Water	\$22,816
Sewer	43,928

**6. Changes in Long-Term Debt:**

The following is a summary of bond transactions of the Village of Dodson, Louisiana, for the year ended June 30, 2006:

	<u>General Obligation</u>	<u>Revenue</u>	<u>Total</u>
Bonds Payable, July 1, 2005	\$14,000	\$92,000	\$106,000
Less, Bonds Retired	<u>(1,000)</u>	<u>(5,000)</u>	<u>(6,000)</u>
Bonds Payable June 30, 2006	<u>\$13,000</u>	<u>\$87,000</u>	<u>\$100,000</u>

The individual bond issues that comprise the total bonds payable at June 2006 are shown below:

	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Authorized and Issued</u>	<u>Interest Rate</u>
General Obligation	09/08/1977	09/08/2017	\$166,000	5%
Revenue	09/08/1977	09/08/2015	\$ 42,000	5%

The total requirements to amortize all bonds outstanding at June 30, 2006, including interest payments of \$34,550 are below:

<u>Year Ending June 30</u>	<u>General Obligation</u>	<u>Revenue</u>	<u>Total</u>
2007	\$ 1,650	\$ 10,350	\$ 12,000
2008	1,600	10,050	11,650
2009	1,550	9,750	11,300
2010	1,500	9,450	10,950
Thereafter	<u>10,800</u>	<u>77,850</u>	<u>88,650</u>
Totals	<u>\$17,100</u>	<u>\$117,450</u>	<u>\$134,550</u>

Village of Dodson, Louisiana  
Notes to Financial Statements  
June 30, 2006

**7. Flow of Funds, Restriction on Use-Water Revenue:**

Under the terms of the bond indenture relating to Water Bonds, all income and revenues (hereinafter referred to as revenue) of every nature, earned or derived from operations of the Water System, are pledged and dedicated to the retirement of said bonds, and are to be set aside into the following special accounts:

1. Out of revenue to the "operation and maintenance fund," an amount sufficient to provide for expenses of the system.
2. Each month, there will be set aside into a fund called the "Bond and Interest Redemption Fund," an amount constituting 1/12 of the next maturing yearly installment of principal and interest payments. These funds may be used only for payment of bond principal and interest.
3. There shall also be set aside into a "Bond Reserve Fund," an amount equal to 5 percent of adjusted income until the sum of \$10,350 is accumulated. Such amount may be used only for the payment of maturing bonds and interest for which sufficient funds are not on deposit in the "Bond and Interest Redemption Fund".
4. Funds will also be set aside into a contingency fund at the rate of \$480 per year. Money in this fund may be used for making extraordinary repairs to the system necessary to keep the system in operating condition. Money in this fund may also be used to pay principal or interest on bonds falling due at any time there is not sufficient money for payment in the other bond funds.
5. All of the revenue received in any fiscal year not required to be paid in such fiscal year into any of the above noted funds shall be regarded as surplus and may be used for any lawful purpose of the Village.

**8. Related Parties:**

The Village had no identified related party transactions for the year ended June 30, 2006.

**9. Compensation Paid to the Mayor and Board of Aldermen:**

Lloyd Vines – Mayor	\$24,000
Verna Hollingsworth	2,100
Deidre Knapp	2,100
Karla Shively	<u>2,100</u>
Total	<u>\$30,300</u>

Village of Dodson, Louisiana  
Notes to Financial Statements  
June 30, 2006

**10. Pension Plans:**

All employees of the Village of Dodson, Louisiana are covered by the Social Security System. Employees contribute 6.2 percent of their total salary to the System, while the Village contributes a like amount. For the year ended June 30, 2006, the Village contributed \$8,910. Any future deficit in this System will be financed by the United States Government.

**11. Litigation and Claims:**

Management has advised that there is no litigation pending against the Village of Dodson, Louisiana at June 30, 2006.

**12. Receivables:**

The following is a summary of receivables at June 30, 2006:

<u>Class of Receivable</u>	<u>General Fund</u>	<u>Proprietary Fund</u>
Tax, Licenses and Permits- Franchise Tax	\$ 1,223	\$ 0
Other Receivables	<u>66,833</u>	<u>9,156</u>
Total	<u>\$68,056</u>	<u>\$9,156</u>

**13. Accounts, Salaries, and Other Payables:**

The payables of \$13,698 at June 30, 2006, are as follows:

<u>Class of Payable</u>	<u>General Fund</u>	<u>Proprietary Fund</u>
Accounts Payable	\$ 5,202	\$3,625
Payroll Tax Payable	<u>4,871</u>	<u>0</u>
Total	<u>\$10,073</u>	<u>\$3,625</u>

## REQUIRED SUPPLEMENTARY INFORMATION

Village of Dodson, Louisiana  
Major Fund-General Fund  
Statement of Revenues, Expenditures and Changes in Fund Balance-  
Budget (GAAP Basis) and Actual  
Year Ended June 30, 2006

	Budget Original/Final	Actual	Variance- Favorable (Unfavorable)
REVENUES:			
Taxes-			
Ad Valorem	\$ 6,100	\$ 6,073	\$ (27)
Franchise Taxes	7,200	7,882	682
Licenses and Permits	22,000	21,700	(300)
Intergovernmental-			
LA DOTD	4,900	2,118	(2,782)
Rural Development	15,000	0	(15,000)
LA Comm. on Law Enforcement	1,650	0	(1,650)
Police Supplemental	1,800	4,200	2,400
Charges for Services	900	602	(298)
Fines and Forfeits	269,000	268,461	(539)
Miscellaneous-			
Rent Income	7,450	5,630	(1,820)
Interest	1,500	1,653	153
Miscellaneous	1,200	2,650	1,450
Total Revenues	<u>\$338,700</u>	<u>\$320,969</u>	<u>\$(17,731)</u>
EXPENDITURES:			
Current-			
General Government-			
Salaries and Benefits	\$ 91,300	\$106,568	\$(15,268)
Insurance	9,400	47,105	(37,705)
Legal and Accounting	8,400	6,842	1,558
Office Expense	6,000	5,884	116
Telephone and Utilities	20,000	21,752	(1,752)
Seminars and Conferences	2,500	2,371	129
Miscellaneous	640	968	(328)
Public Safety-			
Salaries	42,400	48,309	(5,909)
Supplies and Miscellaneous	40,000	39,336	664
Repairs and Maintenance	29,000	6,488	22,512
Public Works-			
Supplies	13,000	13,775	(775)
Capital Expenditures	<u>48,000</u>	<u>53,025</u>	<u>(5,025)</u>
Total Expenditures	<u>\$310,640</u>	<u>\$352,423</u>	<u>\$(41,783)</u>

Continued next page

Village of Dodson, Louisiana  
Major Fund-General Fund  
Statement of Revenues, Expenditures and Changes in Fund Balance-  
Budget (GAAP Basis) and Actual  
Year Ended June 30, 2006

	Budget <u>Original/Final</u>	<u>Actual</u>	Variance- Favorable (Unfavorable)
Excess (Deficiency) of Revenues over Expenditures	\$ 28,060	\$ (31,454)	\$(59,514)
OTHER FINANCING SOURCES (USES):			
Operating Transfer From-			
Utility Fund	0	26,363	26,363
Sale of Asset	<u>10,500</u>	<u>2,206</u>	<u>(8,294)</u>
Excess (Deficiency) of Revenues and Other Sources over Expenditures	\$ 38,560	\$ (2,885)	\$(41,445)
Fund Balance at Beginning of Year	<u>192,173</u>	<u>192,173</u>	<u>0</u>
Fund Balance at End of Year	<u>\$230,733</u>	<u>\$189,288</u>	<u>\$(41,445)</u>

See notes to financial statements.

## INTERNAL CONTROL AND COMPLIANCE



# *Johnson, Thomas & Cunningham*

*Certified Public Accountants*

*Eddie G. Johnson, CPA – A Professional Corporation (1927-1996)*

*Mark D. Thomas, CPA – A Professional Corporation*

*Roger M. Cunningham, CPA – A Professional Corporation*

*Jessica H. Broadway, CPA – A Professional Corporation*

*321 Bienville Street  
Natchitoches, Louisiana 71457  
(318) 352-3652  
Fax (318) 352-4447*

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Mayor and Aldermen of the  
Village of Dodson, Louisiana

We have audited the financial statements of the governmental activities, the business-type activities, the major fund, and the aggregate remaining fund information of the Village of Dodson, Louisiana, as of and for the year ended June 30 2006, which collectively comprise the Village of Dodson, Louisiana's basic financial statements and have issued our report thereon dated September 8, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Village of Dodson, Louisiana's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village of Dodson, Louisiana's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards*, and which is described in the accompanying Schedule of Findings and Questioned Costs as item 06-01.

This report is intended solely for the information and use of the Mayor, Village Aldermen, the Louisiana Legislative Auditor, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, under Louisiana Revised Statute 24:513, the report is distributed by the Legislative Auditor as a public document.

**Johnson, Thomas & Cunningham**

Johnson, Thomas & Cunningham, CPA's

September 8, 2006  
Natchitoches, Louisiana

Village of Dodson, Louisiana  
Schedule of Findings and Questioned Costs  
Year ended June 30, 2006

06-01

*Finding:* Louisiana State Law requires that the budget be amended if actual revenues are less than budgeted revenues by 5% or more and/or actual expenditures exceed budgeted expenditures by 5% or more. For the year ended June 30, 2006, actual revenues were less than budgeted revenues by more than the 5% allowed and actual expenditures exceeded budgeted expenditures by more than 5%.

*Recommendation:* The Village should institute procedures to ensure the budget is amended whenever actual revenues are less than budgeted revenues by more than 5% and/or actual expenditures are more than budgeted expenditures by more than the 5% allowed.

Village of Dodson, Louisiana  
Schedule of Prior Year Findings and Questioned Costs  
Year ended June 30, 2006

There were no findings for the year ended June 30, 2005.

Village of Dodson, Louisiana  
P. O. Box 86 Dodson, LA  
71422-0086

December 20, 2006

Legislative Auditor  
State of Louisiana 1600  
North Third Street  
Baton Rouge, LA  
70804

RE: Management Response - June 30, 2006

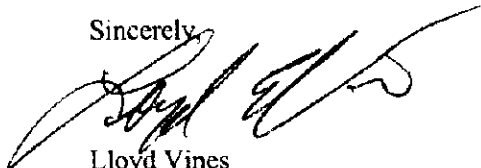
Dear Sir,

In response to our audit finding for the year ended June 30 2006, the following corrective action is provided:

Finding 6-1      Compliance with Local Government Budget Act

In response to the finding, the Village will institute procedures to ensure the budget is amended when required.

Sincerely,



Lloyd Vines  
Mayor